

SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California, and behind San Francisco, it is the second smallest county in terms of physical size. Santa Cruz County has a population of 271,900 people and 103,500 wage and salary jobs. The per capita income in Santa Cruz County is \$57,487 and the average salary per worker is \$53,847.

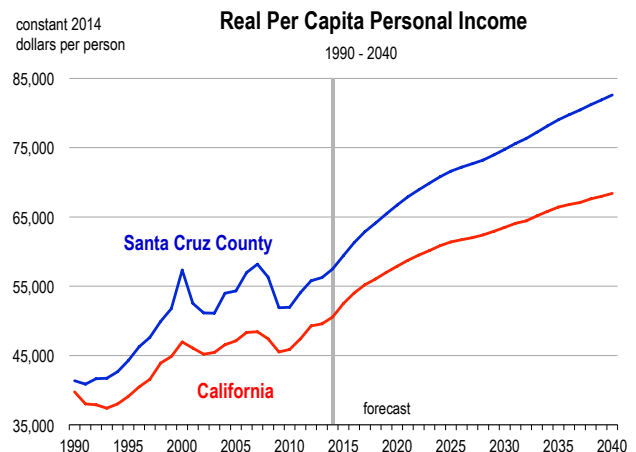
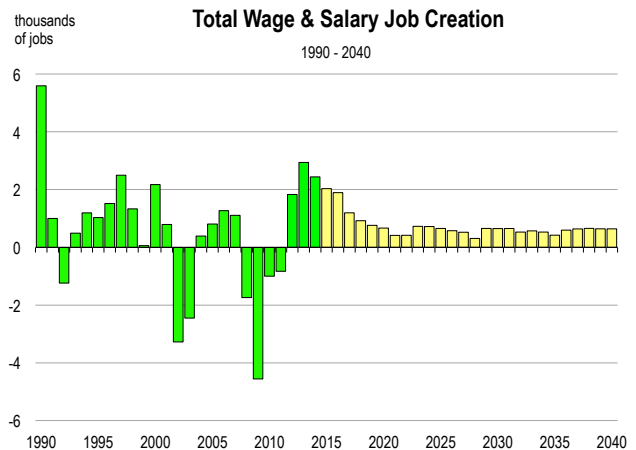
In 2014, a total of 2,400 total wage and salary jobs were gained in Santa Cruz County, representing a growth rate of 2.4 percent. Over the course of the year, the unemployment rate improved substantially, dropping from 10.3 percent in 2013 to 8.7 percent in 2014.

Across employment sectors, the largest job gains occurred in leisure and hospitality (+690 jobs), education and healthcare (+460 jobs), wholesale and retail trade (+350 jobs), government (+310 jobs), and manufacturing (+300 jobs). The largest declines were observed in professional and business services (-200 jobs).

Between 2009 and 2014, the population of Santa Cruz grew at an annual average rate of 0.7 percent. Moderate levels of in-migration were a contributing factor to this growth, as the county gained an average of 590 net migrants per year.

FORECAST HIGHLIGHTS

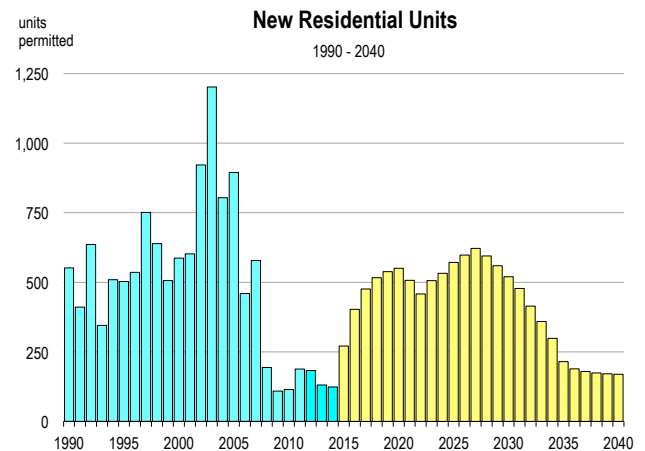
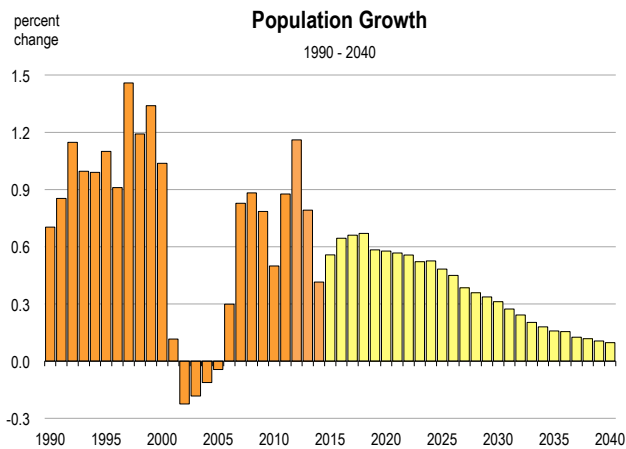
- In 2015, total employment will increase by 2.0 percent. From 2015 to 2020, an annual average growth rate of 1.0 percent is expected.
- Average salaries are currently below the California state average, and will remain so over the forecast period. In Santa Cruz County, inflation-adjusted salaries are expected to rise by an average of 1.9 percent per year between 2015 and 2020.
- Between 2015 and 2020, employment growth will be broad-based. However, the largest gains will be observed in education and healthcare, wholesale and retail trade, construction, leisure and hospitality, and professional services. Together, these sectors will account for 75 percent of net job creation in the county.
- During the 2015-2020 period, the population will increase by 0.6 percent per year, which is similar to the growth rate that prevailed between 2009 and 2014.
- Net migration will remain moderate over the forecast period. Between 2015 and 2020, an average of 700 net migrants will enter the county each year, accounting for 41 percent of total population growth.
- Real income per capita is forecasted to increase by 3.3 percent in 2015. From 2015 to 2020, real income per capita is expected to increase by 2.4 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 1.5 percent per year between 2015 and 2020.
- Industrial production is projected to increase by 4.1 percent in 2015. During the 2015-2020 period, industrial production will increase by an average of 2.9 percent per year.
- Farm production is forecasted to increase by 1.3 percent per year between 2015 and 2020. The principal crop in the county is the strawberry.



Santa Cruz County Economic Forecast

2006-2014 History, 2015-2040 Forecast

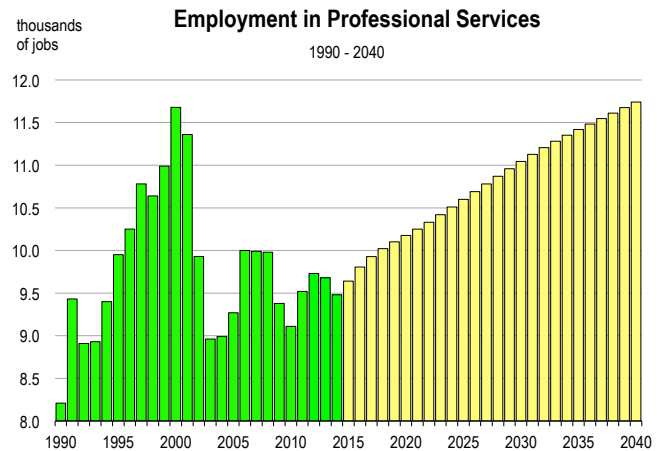
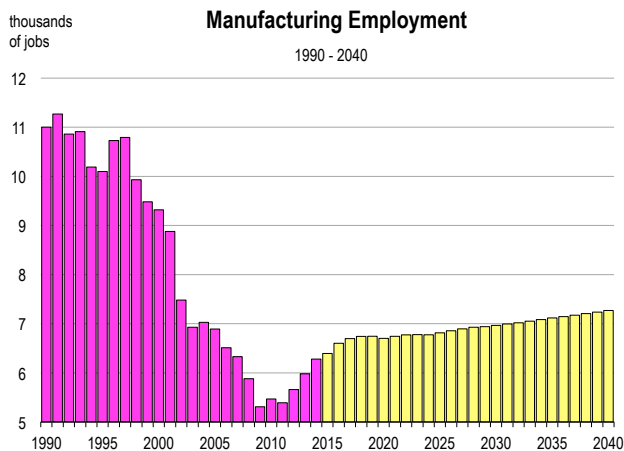
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	255,486	-1,123	243.3	93.7	460	\$3.2	\$12.1	\$56,970	3.2	0.50	1.38	5.7
2007	257,601	30	241.8	94.2	578	\$3.2	\$12.9	\$58,186	3.4	0.57	1.39	5.9
2008	259,873	320	241.9	94.3	194	\$3.0	\$12.9	\$56,303	2.9	0.55	1.35	7.3
2009	261,912	319	241.7	94.4	109	\$2.6	\$12.1	\$51,911	0.8	0.55	1.28	11.3
2010	263,220	-276	242.9	94.3	115	\$2.7	\$12.3	\$51,975	1.3	0.59	1.33	13.3
2011	265,526	756	241.5	94.4	188	\$2.9	\$13.3	\$54,082	2.7	0.61	1.27	13.1
2012	268,607	1,597	241.0	94.5	183	\$3.1	\$14.3	\$55,796	2.7	0.60	1.35	11.9
2013	270,734	875	249.4	94.7	131	\$3.3	\$14.8	\$56,260	2.3	0.62	1.41	10.3
2014	271,857	0	252.8	94.9	124	\$3.4	\$15.6	\$57,487	2.8	0.61	1.49	8.7
2015	273,372	473	254.5	94.9	271	\$3.5	\$16.4	\$59,390	1.2	0.62	1.55	7.4
2016	275,134	717	256.2	95.1	403	\$3.7	\$17.6	\$61,280	3.2	0.63	1.62	6.2
2017	276,952	762	257.5	95.4	476	\$3.9	\$18.8	\$62,867	3.2	0.63	1.66	5.8
2018	278,807	819	258.4	95.9	517	\$4.1	\$19.9	\$64,140	3.0	0.64	1.71	5.6
2019	280,434	605	258.9	96.3	538	\$4.3	\$21.0	\$65,447	2.8	0.65	1.75	5.4
2020	282,053	615	259.2	96.8	550	\$4.4	\$22.1	\$66,724	2.9	0.66	1.79	5.4
2021	283,653	623	259.3	97.3	507	\$4.6	\$23.3	\$67,907	3.0	0.67	1.85	5.4
2022	285,232	626	259.2	97.7	458	\$4.8	\$24.5	\$68,909	3.1	0.68	1.90	5.4
2023	286,719	561	259.2	98.1	506	\$5.0	\$25.7	\$69,880	2.7	0.68	1.96	5.3
2024	288,226	617	259.4	98.6	532	\$5.2	\$26.8	\$70,816	2.6	0.69	2.01	5.3
2025	289,618	548	259.7	99.0	571	\$5.3	\$28.0	\$71,598	2.8	0.70	2.08	5.3
2026	290,920	502	260.2	99.5	598	\$5.5	\$29.2	\$72,181	2.8	0.71	2.15	5.3
2027	292,039	362	260.7	100.1	622	\$5.7	\$30.3	\$72,689	2.8	0.72	2.22	5.3
2028	293,087	339	261.2	100.7	595	\$5.9	\$31.5	\$73,220	2.7	0.72	2.30	5.3
2029	294,074	317	261.8	101.2	560	\$6.1	\$32.7	\$73,952	2.5	0.73	2.37	5.3
2030	294,991	301	262.7	101.7	520	\$6.4	\$33.9	\$74,749	2.4	0.74	2.46	5.3
2031	295,797	234	263.7	102.2	478	\$6.6	\$35.2	\$75,604	2.3	0.75	2.54	5.3
2032	296,514	199	265.0	102.6	414	\$6.9	\$36.5	\$76,308	2.5	0.76	2.63	5.3
2033	297,116	142	266.5	102.9	359	\$7.2	\$37.8	\$77,229	2.1	0.76	2.73	5.3
2034	297,651	125	267.9	103.2	298	\$7.5	\$39.2	\$78,144	2.3	0.77	2.83	5.3
2035	298,122	99	269.2	103.4	215	\$7.8	\$40.6	\$79,025	2.4	0.78	2.93	5.3
2036	298,584	145	270.7	103.6	189	\$8.1	\$42.2	\$79,763	2.8	0.79	3.03	5.3
2037	298,959	131	272.4	103.7	179	\$8.4	\$43.8	\$80,434	2.8	0.80	3.14	5.3
2038	299,311	140	273.9	103.8	174	\$8.7	\$45.5	\$81,198	2.7	0.81	3.25	5.3
2039	299,628	133	275.1	103.9	171	\$9.0	\$47.2	\$81,884	2.8	0.82	3.36	5.3
2040	299,918	131	276.2	103.9	170	\$9.3	\$49.0	\$82,595	2.8	0.82	3.46	5.3

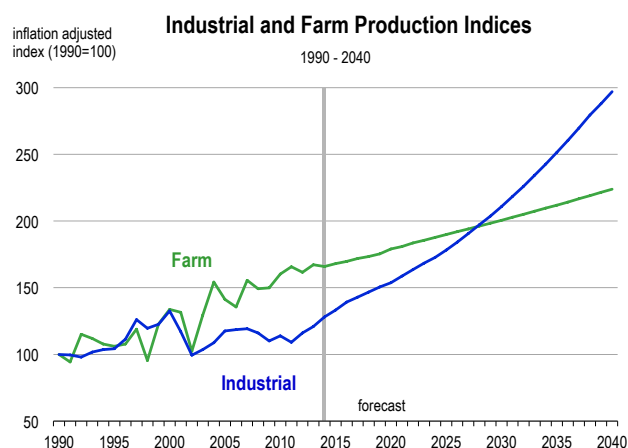
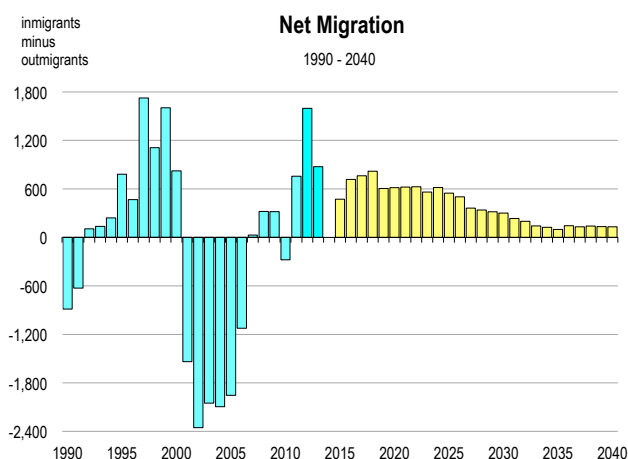
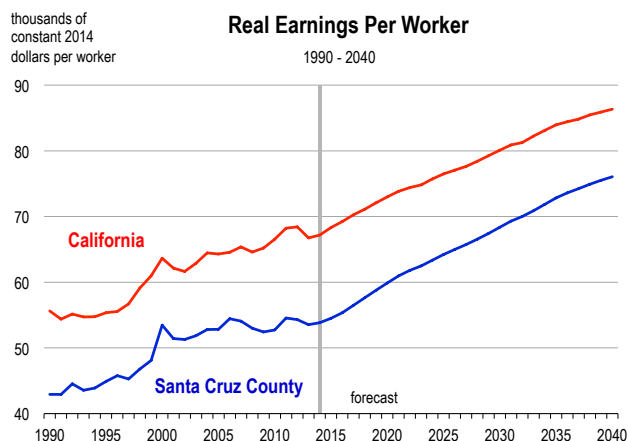
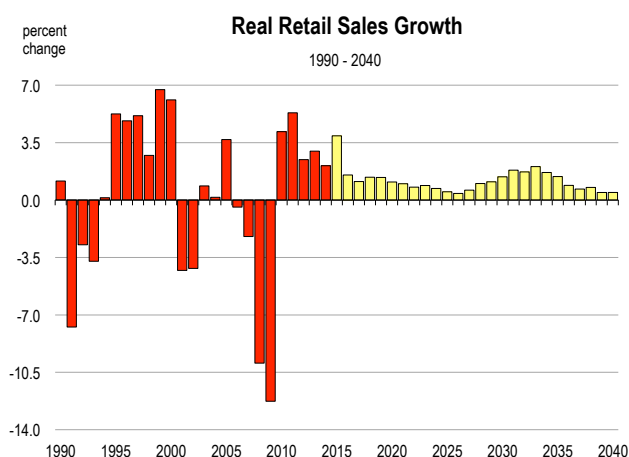


Santa Cruz County Employment Forecast

2006-2014 History, 2015-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2006	103.3	7.4	5.9	6.5	1.5	17.3	3.8	10.0	1.4	13.0	11.1	21.8
2007	104.4	7.8	5.4	6.3	1.6	17.4	3.7	10.0	1.2	13.3	11.5	22.3
2008	102.7	8.6	4.6	5.9	1.5	16.4	3.5	10.0	1.1	13.6	11.3	22.3
2009	98.1	9.5	3.2	5.3	1.4	15.3	3.4	9.4	1.0	14.2	11.1	20.8
2010	97.1	9.6	3.0	5.5	1.5	14.9	3.3	9.1	0.9	14.6	10.9	20.3
2011	96.3	8.6	2.9	5.4	1.5	14.7	3.1	9.5	0.9	14.9	11.1	20.3
2012	98.1	8.4	3.0	5.7	1.4	14.8	3.2	9.7	0.8	15.4	11.6	20.4
2013	101.1	8.3	3.2	6.0	1.4	15.0	3.4	9.7	0.8	16.4	12.2	20.6
2014	103.5	8.3	3.4	6.3	1.3	15.4	3.5	9.5	0.8	16.8	12.9	20.9
2015	105.6	8.3	3.7	6.4	1.3	15.8	3.5	9.6	0.8	17.0	13.3	21.2
2016	107.4	8.3	4.2	6.6	1.3	16.0	3.6	9.8	0.8	17.3	13.6	21.4
2017	108.6	8.4	4.4	6.7	1.3	16.1	3.6	9.9	0.8	17.5	13.8	21.4
2018	109.6	8.4	4.5	6.7	1.3	16.3	3.6	10.0	0.8	17.7	13.9	21.5
2019	110.3	8.5	4.6	6.7	1.3	16.4	3.6	10.1	0.8	18.0	14.0	21.5
2020	111.0	8.6	4.6	6.7	1.3	16.5	3.6	10.2	0.8	18.3	14.0	21.6
2021	111.4	8.6	4.5	6.7	1.3	16.6	3.6	10.3	0.8	18.5	14.0	21.6
2022	111.8	8.6	4.3	6.8	1.3	16.7	3.6	10.3	0.8	18.8	14.0	21.6
2023	112.5	8.7	4.5	6.8	1.3	16.8	3.6	10.4	0.8	19.1	14.0	21.6
2024	113.3	8.7	4.6	6.8	1.3	16.9	3.6	10.5	0.8	19.3	14.0	21.7
2025	113.9	8.7	4.8	6.8	1.3	17.0	3.6	10.6	0.8	19.6	14.1	21.7
2026	114.5	8.8	4.8	6.9	1.3	17.0	3.6	10.7	0.8	19.8	14.1	21.7
2027	115.0	8.8	4.9	6.9	1.3	17.1	3.6	10.8	0.8	20.0	14.1	21.7
2028	115.3	8.9	4.7	6.9	1.4	17.2	3.6	10.9	0.8	20.2	14.2	21.6
2029	116.0	8.9	4.6	6.9	1.4	17.3	3.6	11.0	0.8	20.5	14.3	21.7
2030	116.6	8.9	4.5	7.0	1.4	17.4	3.6	11.0	0.8	20.7	14.3	21.9
2031	117.3	9.0	4.4	7.0	1.4	17.6	3.6	11.1	0.8	20.9	14.4	21.9
2032	117.8	9.0	4.2	7.0	1.4	17.8	3.6	11.2	0.8	21.2	14.5	22.0
2033	118.4	9.1	4.0	7.1	1.4	18.0	3.6	11.3	0.8	21.4	14.6	22.0
2034	118.9	9.1	3.8	7.1	1.4	18.2	3.6	11.4	0.8	21.6	14.7	22.1
2035	119.3	9.1	3.5	7.1	1.4	18.3	3.6	11.4	0.8	21.8	14.8	22.2
2036	119.9	9.2	3.4	7.1	1.4	18.4	3.6	11.5	0.8	22.1	14.8	22.3
2037	120.6	9.2	3.4	7.2	1.4	18.5	3.6	11.5	0.8	22.3	14.9	22.4
2038	121.2	9.3	3.4	7.2	1.4	18.6	3.6	11.6	0.8	22.5	15.0	22.5
2039	121.9	9.3	3.4	7.2	1.4	18.6	3.6	11.7	0.8	22.8	15.1	22.6
2040	122.5	9.3	3.4	7.3	1.4	18.7	3.6	11.7	0.8	23.0	15.2	22.6





County Economic and Demographic Indicators

Projected Economic Growth (2015-2020)

Expected retail sales growth:	6.7%
Expected job growth:	5.2%
Fastest growing jobs sector:	Construction
Expected personal income growth:	15.9%

Expected population growth:	3.2%
Net migration to account for:	40.5%
Expected growth in number of vehicles:	1.8%

Demographics (2015)

Unemployment rate (March 2015):	9.2%
County rank* in California (58 counties):	37th
Working age (16-64) population:	68.3%

Population with B.A. or higher:	37.5%
Median home selling price (2014):	\$579,000
Median household income:	\$70,960

Quality of Life

Violent crime rate (2013):	365 per 100,000 persons
County rank* in California (58 counties):	29th
Average commute time to work (2015):	28.5 minutes

High School drop out rate (2014):	8.2%
Households at/below poverty line (2015):	8.2%

* The county ranked 1st corresponds to the lowest rate in California